

conventional loans, can only get loans from finance companies that charge much higher interest rates—anywhere from three to four percentage points higher than conventional loans.

"Fannie Mae has expanded home ownership for millions of families in the 1990's by reducing down payment requirements," said Franklin D. Raines, Fannie Mae's chairman and chief executive officer. "Yet there remain too many borrowers whose credit is just a notch below what our underwriting has required who have been relegated to paying significantly higher mortgage rates in the so-called subprime market."

Demographic information on these borrowers is sketchy. But at least one study indicates that 18 percent of the loans in the subprime market went to black borrowers, compared to 5 per cent of loans in the conventional loan market.

In moving, even tentatively, into this new area of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush economic times. But the government-subsidized corporation may run into trouble in an economic downturn, prompting a government rescue similar to that of the savings and loan industry in the 1980's.

"From the perspective of many people, including me, this is another thrift industry growing up around us," said Peter Wallison a resident fellow at the American Enterprise Institute. "If they fail, the government will have to step up and bail them out the way it stepped up and bailed out the thrift industry."

Under Fannie Mae's pilot program, consumers who qualify can secure a mortgage with an interest rate one percentage point above that of a conventional, 30-year fixed rate mortgage of less than \$240,000—a rate that currently averages about 7.76 per cent. If the borrower makes his or her monthly payments on time for two years, the one percentage point premium is dropped.

Fannie Mae, the nation's biggest underwriter of home mortgages, does not lend money directly to consumers. Instead, it purchases loans that banks make on what is called the secondary market. By expanding the type of loans that it will buy, Fannie Mae is hoping to spur banks to make more loans to people with less-than-stellar credit ratings.

Fannie Mae officials stress that the new mortgages will be extended to all potential borrowers who can qualify for a mortgage. But they add that the move is intended in part to increase the number of minority and low income home owners who tend to have worse credit ratings than non-Hispanic whites.

Home ownership has, in fact, exploded among minorities during the economic boom of the 1990's. The number of mortgages extended to Hispanic applicants jumped by 87.2 per cent from 1993 to 1998, according to Harvard University's Joint Center for Housing Studies. During that same period the number of African Americans who got mortgages to buy a home increased by 71.9 per cent and the number of Asian Americans by 46.3 per cent.

In contrast, the number of non-Hispanic whites who received loans for homes increased by 31.2 per cent.

Despite these gains, home ownership rates for minorities continue to lag behind non-Hispanic whites, in part because blacks and Hispanics in particular tend to have on average worse credit ratings.

In July, the Department of Housing and Urban Development proposed that by the year 2001, 50 percent of Fannie Mae's and Freddie Mac's portfolio be made up of loans to low and moderate-income borrowers. Last

year, 44 percent of the loans Fannie Mae purchased were from these groups.

The change in policy also comes at the same time that HUD is investigating allegations of racial discrimination in the automated underwriting systems used by Fannie Mae and Freddie Mac to determine the credit-worthiness of credit applicants.

HONORING MAJOR GENERAL RITA ARAGON

HON. MARY FALLIN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Saturday, September 27, 2008

Ms. FALLIN. Madam Speaker, today I rise to commend and congratulate retired Major General Rita Aragon, who has been named Woman of the Year by the Journal Record business newspaper in Oklahoma City.

Rita Aragon's story is an inspiration to all women. As a single mother working as public school teacher, she joined the Oklahoma Air National Guard more than 30 years ago. In 1989 she became the first unit commander in the Guard, and by 2003 she had risen to the rank of Brigadier General. As a major General she served on active duty as assistant to the commander of air education and training and later as assistant to the chief of Staff Manpower and Personnel in the Pentagon. Since her retirement she has returned to education as director of advance programs at the College of Continuing Education at the University of Oklahoma.

Throughout her career, Rita Aragon has given her time and talent to many community organizations and served on the boards of many of those groups. During Oklahoma's response to the 1995 federal building bombing in Oklahoma City she helped lead the military contingent at ground zero. I am honored to recognize Rita Aragon's life of service to her Nation, state and city.

JOB CREATION AND UNEMPLOYMENT RELIEF ACT OF 2008

SPEECH OF

HON. BETTY MCCOLLUM

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 2008

Ms. MCCOLLUM of Minnesota. Mr. Speaker, I rise in strong support of the Job Creation and Unemployment Relief Act and congratulate Speaker PELOSI and Chairman OBEY for providing important relief to American families struggling under current economic conditions.

At a time when taxpayers are being asked to rescue Wall Street, it is imperative that Congress also recognize the challenges facing Main Street. Our economy has lost jobs for eight straight months with 605,000 American jobs lost this year. This summer Minnesota's unemployment rate reached its highest level in 22 years. Putting Americans back to work is critical to the recovery of our economy and to the health and safety of families.

H.R. 7110 invests in families by creating good-paying jobs through new infrastructure projects. These investments have an immediate effect on the economy by putting people to work and will have a long term effect with

improvements to our roads, bridges and schools.

Other jobs will be created through new energy technologies. New loans to the auto industry and investment in new renewable energy technologies will both put people in good paying, stable jobs but will also move this country towards energy independence.

For those hit hardest by economic conditions, this legislation provides an extension of unemployment benefits for those still searching for a job, including 20,000 Minnesotans. It also includes additional food assistance to help deal with rising food prices and a temporary increase in Medicaid payments for states so they can continue to provide health care coverage for children and families. To address the cost of fuel and growing demand for public transportation, this bill invests in transit to improve access and afford ability of buses and trains.

It is absolutely unacceptable for members to find the political will to bail out Wall Street at a cost of \$700 billion to taxpayers and at the same time claim that we do not have the resources to invest one-tenth of that in American families. This is a prudent, targeted package and it is critical to our economic recovery. I urge my colleagues to join me in supporting H.R. 7110.

UNITED STATES-INDIA NUCLEAR COOPERATION APPROVAL AND NONPROLIFERATION ENHANCEMENT ACT

SPEECH OF

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 26, 2008

Mr. UDALL of Colorado. Mr. Speaker, I rise in support of this legislation. India is the world's largest and most diverse democracy and a strong ally and friend of the United States. As a member of the India Caucus, I recognize the benefits of increased economic, security, and cultural cooperation between India and the United States, and am proud that in recent years the relationship between our two countries has made rapid advances in so many areas.

Because of the growing importance of that relationship, it made sense for the Bush administration to consider expanding the U.S.-India strategic partnership to include civilian nuclear energy development. In the context of our friendship with India, I support the concept of civilian nuclear cooperation, and I will support this legislation today.

U.S. law prohibits nuclear cooperation with countries that have not pledged under the Nuclear Nonproliferation Treaty—like India—to forgo nuclear weapons. The U.S.-India agreement carves out an exception for India to allow it to gain access to long-denied civilian nuclear technology in exchange for opening 14 out of 22 of its nuclear facilities to inspections under the International Atomic Energy Agency. Importantly, India and the International Atomic Energy Agency, IAEA, have negotiated a safeguards agreement and the 45-nation Nuclear Suppliers Group has approved an exemption for India, requirements that needed to be met before Congress could vote on the final cooperation agreement.